

HOUSE BILL NO. 664

INTRODUCED BY M. CAFERRO

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INDIVIDUAL DEVELOPMENT ACCOUNT PROGRAM IN THE OFFICE OF ECONOMIC DEVELOPMENT TO ASSIST ELIGIBLE INDIVIDUALS IN SAVING FUNDS FOR SPECIFIC PURPOSES; PROVIDING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Individual development account program. (1) There is established an individual development account program in the office of economic development provided for in 2-15-218. The purpose of the program is to match savings and to provide financial literacy and credit counseling in order to provide eligible individuals the opportunity to establish special accounts that may be used:

- (a) to purchase a first home;
- (b) to capitalize a small business; or
- (c) to fund postsecondary education or training.

(2) An individual is eligible for the program if the family income of the individual is less than 150% of the federal poverty threshold as determined by the federal department of health and human services.

(3) An account holder has up to 3 years to have an amount of money saved by the account holder matched 2-for-1, up to \$2,000, by the individual development account program.

(4) The office shall solicit proposals from eligible community-based organizations statewide to administer the program on a nonprofit basis.

(5) The program must include:

- (a) a requirement that the individual account match the contributions of a community-based organization on a 1-to-2 ratio within 3 years;
- (b) specifications of the population or populations targeted for priority participation in the program;
- (c) a process for providing financial literacy training, credit counseling, guidance in access to refundable tax credits, and specialized training about owning a home, starting and operating a business, or attending postsecondary school;

- 1 (d) a requirement that the individual account holder attend local financial literacy training; and
2 (e) a process for evaluation and review of individual development accounts to ensure program
3 compliance.
- 4 (6) The office shall consider the following factors in awarding contracts to administer the program:
5 (a) the community-based organization's nonprofit status;
6 (b) the fiscal accountability of the community-based organization;
7 (c) the ability of the community-based organization to establish and administer a reserve fund account
8 to receive all contributions from program contributors;
9 (d) the ability of the community-based organization to work with local financial institutions to hold the
10 individual development accounts; and
11 (e) the significance and quality of proposed auxiliary services, including financial literacy training and
12 grant writing for federal and other funding, and of their relationship to the goals of the individual development
13 account program.
- 14 (7) The office may accept grants, loans, and other gifts from sources other than the state for the purpose
15 of administering the program provided in this section.

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17 **NEW SECTION. Section 2. Appropriation.** There is appropriated \$440,000 from the general fund for
18 each fiscal year of the 2007 biennium to the office of economic development for the purposes of administration
19 of and developing the individual development account program.

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21 **NEW SECTION. Section 3. Codification instruction.** [Section 1] is intended to be codified as an
22 integral part of Title 2, chapter 15, part 2, and the provisions of Title 2, chapter 15, part 2, apply to [section 1].

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24 **NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2005.

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